

Message Text

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ORIGIN EB-07

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TO AMEMBASSY MANILA PRIORITY

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C O R R E C T E D C O P Y (SUB-PARA (2) LINE 11 OMITTED)

QE.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: U.S. TRADE BILL, GSP AND THE PHILIPPINES

REF: MANILA 14145

1. FOLLOWING, AS REQUESTED REFTEL, IS TEXT OF COMPETITIVE
NEED PROVISION OF TITLE V OF TRADE BILL (GENERALIZED
PREFERENCES) AS AMENDED BY SENATE FINANCE COMMITTEE. BEGIN
QUOTE:

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SECTION 504. LIMITATIONS ON PREFERENTIAL TREATMENT....

(C)(1) WHENEVER THE PRESIDENT DETERMINES THAT ANY COUNTRY--

(A) HAS EXPORTED (DIRECTLY OR INDIRECTLY) TO THE UNITED STATES DURING A CALENDAR YEAR A QUANTITY OF AN ELIGIBLE ARTICLE HAVING AN APPRAISED VALUE IN EXCESS OF AN AMOUNT WHICH BEARS THE SAME RATIO TO 25 MILLION DOLLARS AS THE GROSS NATIONAL PRODUCT OF THE UNITED STATES FOR THE PRECEDING CALENDAR YEAR, AS DETERMINED BY THE DEPARTMENT OF COMMERCE, BEARS TO THE GROSS NATIONAL PRODUCT OF THE UNITED STATES FOR CALENDAR YEAR 1974, OR

(B) EXCEPT AS PROVIDED IN SUBSECTION (D), HAS EXPORTED (EITHER DIRECTLY OR INDIRECTLY) TO THE UNITED STATES A QUANTITY OF ANY ELIGIBLE ARTICLE EQUAL TO OR EXCEEDING

50 PERCENT OF THE TOTAL IMPORTS OF SUCH ARTICLE INTO THE UNITED STATES DURING ANY CALENDAR YEAR, THEN, NOT LATER THAN 60 DAYS AFTER THE CLOSE OF SUCH CALENDAR YEAR, SUCH COUNTRY SHALL NOT BE TREATED AS A BENEFICIARY DEVELOPING COUNTRY WITH RESPECT TO SUCH ARTICLE, EXCEPT THAT, IF BEFORE SUCH 60TH DAY, THE PRESIDENT DETERMINES AND PUBLISHES IN THE FEDERAL REGISTER, THAT, WITH RESPECT TO SUCH COUNTRY--

(I) THERE HAS BEEN AN HISTORIC PREFERENTIAL TRADE RELATIONSHIP BETWEEN THE UNITED STATES AND SUCH COUNTRY,

(II) THERE IS A TREATY OR TRADE AGREEMENT IN FORCE COVERING ECONOMIC RELATIONS BETWEEN SUCH COUNTRY AND THE UNITED STATES, AND

(III) SUCH COUNTRY DOES NOT DISCRIMINATE AGAINST, OR IMPOSE UNJUSTIFIABLE OR UNREASONABLE BARRIERS TO, UNITED STATES COMMERCE, THEN HE MAY DESIGNATE, OR CONTINUE THE DESIGNATION OF, SUCH COUNTRY AS A BENEFICIARY DEVELOPING COUNTRY WITH RESPECT TO SUCH ARTICLE.

(2) A COUNTRY WHICH IS NO LONGER TREATED AS A LIMITED OFFICIAL USE

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BENEFICIARY DEVELOPING COUNTRY WITH RESPECT TO AN ELIGIBLE ARTICLE BY REASON OF THIS SUBSECTION MAY BE REDESIGNATED, SUBJECT TO THE PROVISIONS OF SECTION 502, A BENEFICIARY DEVELOPING COUNTRY WITH RESPECT TO SUCH ARTICLE IF IMPORTS OF SUCH ARTICLE FROM SUCH COUNTRY DID NOT EXCEED THE LIMITATIONS IN PARAGRAPH (1) OF THIS SUBSECTION DURING THE PRECEDING CALENDAR YEAR.

SUBSECTION (C)(1)(B) DOES NOT APPLY WITH RESPECT TO ANY
ELIGIBLE ARTICLE IF A LIKE OR DIRECTLY COMPETITIVE

ARTICLE IS NOT PRODUCED IN THE UNITED STATES. END QUOTE

2. ADMINISTRATION DOES NOT SUPPORT SENATE FINANCE
COMMITTEE LANGUAGE ON NATIONAL INTEREST WAIVER WHICH,
BY REFERRING TO COUNTRIES HAVING HISTORIC PREFERENTIAL
RELATIONSHIP WITH U.S., PRESUMABLY WOULD PERMIT
EXEMPTION ONLY OF PHILIPPINES FROM COMPETITIVE NEED
CEILINGS. THIS WOULD LIMIT UNDULY THE PRESIDENT'S
DISCRETION TO ACT IN THE NATIONAL INTEREST AND WOULD
CLEARLY DISCRIMINATE AMONG DEVELOPING COUNTRIES. THIS
WOULD ALSO BE CONTRARY TO U.S. OBLIGATIONS UNDER
GATT RE EXTENSION OF GSP.
3. ADDITIONALLY, SUCH AN ARRANGEMENT INVARIABLY WOULD
BE SEEN BY OTHER NATIONS AS A CONTINUATION OF SPECIAL
PREFERENCES UNDER GUISE OF GSP. NOT ONLY WOULD THIS
UNDERMINE U.S. OPPOSITION TO EC'S SPECIAL PREFERENTIAL
ARRANGEMENTS BUT IT WOULD ALSO RAISE SERIOUS DIFFICULTIES
IN OUR RELATIONS WITH OTHER LDCS, PARTICULARLY THE
LATIN AMERICAN COUNTRIES, WHO WOULD PRESS US FOR SIMILAR
EXEMPTIONS. ADMINISTRATION WILL THEREFORE SUPPORT
DELETION OF THIS LANGUAGE IN SENATE-HOUSE CONFERENCE IN
FAVOR OF HOUSE VERSION. WE WISH TO BROADEN POSSIBLE
USE OF NATIONAL INTEREST WAIVER AND TO HAVE SUCH AUTHORI-
TY FORMULATED IN LANGUAGE THAT AVOIDS SINGLING OUT
SPECIFIC COUNTRIES OR CATEGORIES OF COUNTRIES.
4. WE ASSUME GOP IS WELL AWARE OF SENATE FINANCE
COMMITTEE CHANGES. WE RECOMMEND THAT YOU NOT INITIATE
CONVERSATIONS WITH GOP ON THIS SUBJECT. KISSINGER

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